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2 Utah Men Are Sentenced for Securities Fraud

The Utah Division of Securities with the Attorney General's Office announced Gary L. Moody (50) of Bountiful and Steven Richard Moody (52) of Toquerville were sentenced to one to 15 years in Utah State Prison on June 20, 2003 before the Honorable Judge Frederick.

Gary and Steven Moody each pled guilty to two second degree felony counts of Securities Fraud and one second degree felony count of Pattern of Unlawful Activity in Salt Lake Third District Court on April 3, 2003. The guilty pleas were entered as part of a plea agreement where the additional counts against the Moodys were dismissed. Judge Frederick ordered the two Securities Fraud counts to run concurrent while the third count of Pattern of Unlawful Activity to run consecutively. Restitution in the amount of \$515,474 was also ordered.

The investigation by the Division discovered from July of 2001 through February of 2002, Gary and Steven Moody offered and sold two different investment programs called Real Value Coupon Exchange and Preliminary Debt Reduction through their company, VirtualPrivateMarketplace. The Moodys are believed to have collected over half a million dollars from at least 80 investors from the state of Utah, primarily in Salt Lake and Washington County.

The Moodys represented they had developed their own international banking system to invest whereby the Moodys investments would yield as much as a 1000% return in one week. Gary Moody claimed to have developed a thesis in banking that would produce the high return, which won him four doctorate degrees from Harvard University. There were no records of Gary Moody at Harvard University. Gary and Steven told investors they were millionaires who had substantial assets to secure the investors' funds. Gary and Steven told investors their funds were liquid, 100% guaranteed and backed by gold. The Division claimed the Moodys used money collected from investors for personal and living expenses such as dining, entertainment, child support and expenses related to Gary's wedding.

The Division of Securities took action against Gary Moody for securities fraud back in 1997. Gary Moody pled no contest to securities fraud, which was held in abeyance. The case was dismissed in 2001 since Gary had paid full restitution in the amount of \$28,000 to the victim. Gary had also entered a guilty plea to Scheme to Defraud in the first degree in New York in 1997 and spent six months in jail. The indictment from New York alleged Gary received \$20 million dollars based on the representation that his company, the Boston Moody Company, could purchase prime bank guarantees from the top world banks through the Rothchild banking family and resell the instrument at the best world market price.

Steven Moody had previously been licensed as a broker-dealer in California. The court documents stated the National Association of Securities Dealers (NASD) took action against Steven Moody in September of 2001. The NASD barred Steven Moody from association with any NASD member in any capacity based on Steven obtaining \$33,000 in customer funds under false pretenses and then using the funds for his own personal benefit.

The Division stated Gary and Steven Moody failed to tell investors about Gary and Steven's criminal and civil background. The Moodys also failed to disclose to investors Steven Moody had filed for a Chapter 7 bankruptcy in April of 2000, investors had not received the returns they were promised and/or received checks from VPM that had bounced or how previous investors' funds had been used. The State also alleged Gary and Steven Moody failed to provide adequate disclosure to the investors such as a complete description of the investment, the identity of the officers, directors and their related experience, the number of investors, commissions paid or risk associated with the investment. Gary and Steven Moody also have pending litigation by the Securities and Exchange Commission related to their programs through VirtualPrivateMarketplace.